GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3501
ANSWERED ON:25.08.2006
EXEMPTION OF INCOME TAX UNDER TERM DEPOSIT
Patel Shri Kishanbhai Vestabhai

Will the Minister of FINANCE be pleased to state:

(a) whether the savings under term deposit scheme 2006 will be exempted from income tax;

(b) if so, the details in this regard;

(c) the percentage of deposit loss by various banks in the absence of such scheme during 2004-05 and 2005-06; and

(d) the extent to which bank deposits will be increased by the said scheme?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE: (SHRI S.S. PALANIMANICKAM)

(a): Yes Sir.

(b): The Finance Act, 2006, inserted clause (xxi) in sub-section (2) of section 80C to provide that deposits up to Rs.1 lakh in term deposits with Scheduled banks would be eligible for tax benefits. The deposits are in accordance with the Bank Term Deposit Scheme, 2006, notified by the Central Government vide S.O. No.1220(E), dated 28.7.2006.

(c) It is not possible to estimate the deposit which would have been mobilized if the Scheme had come into operation during 2004-05 and 2005-06.

(d): The Scheme has been notified on 28.7.2006. Therefore, such details are not available.